

1 AN ACT concerning government employee benefits.

2 Be it enacted by the People of the State of Illinois,  
3 represented in the General Assembly:

4 Section 5. The State Employees Group Insurance Act of  
5 1971 is amended by changing Section 3 as follows:

6 (5 ILCS 375/3) (from Ch. 127, par. 523)

7 Sec. 3. Definitions. Unless the context otherwise  
8 requires, the following words and phrases as used in this Act  
9 shall have the following meanings. The Department may define  
10 these and other words and phrases separately for the purpose  
11 of implementing specific programs providing benefits under  
12 this Act.

13 (a) "Administrative service organization" means any  
14 person, firm or corporation experienced in the handling of  
15 claims which is fully qualified, financially sound and  
16 capable of meeting the service requirements of a contract of  
17 administration executed with the Department.

18 (b) "Annuitant" means (1) an employee who retires, or  
19 has retired, on or after January 1, 1966 on an immediate  
20 annuity under the provisions of Articles 2, 14, 15 (including  
21 an employee who has retired under the optional retirement  
22 program established under Section 15-158.2), paragraphs (2),  
23 (3), or (5) of Section 16-106, or Article 18 of the Illinois  
24 Pension Code; (2) any person who was receiving group  
25 insurance coverage under this Act as of March 31, 1978 by  
26 reason of his status as an annuitant, even though the annuity  
27 in relation to which such coverage was provided is a  
28 proportional annuity based on less than the minimum period of  
29 service required for a retirement annuity in the system  
30 involved; (3) any person not otherwise covered by this Act  
31 who has retired as a participating member under Article 2 of

1 the Illinois Pension Code but is ineligible for the  
2 retirement annuity under Section 2-119 of the Illinois  
3 Pension Code; (4) the spouse of any person who is receiving a  
4 retirement annuity under Article 18 of the Illinois Pension  
5 Code and who is covered under a group health insurance  
6 program sponsored by a governmental employer other than the  
7 State of Illinois and who has irrevocably elected to waive  
8 his or her coverage under this Act and to have his or her  
9 spouse considered as the "annuitant" under this Act and not  
10 as a "dependent"; or (5) an employee who retires, or has  
11 retired, from a qualified position, as determined according  
12 to rules promulgated by the Director, under a qualified local  
13 government or a qualified rehabilitation facility or a  
14 qualified domestic violence shelter or service. (For  
15 definition of "retired employee", see (p) post).

16 (b-5) "New SERS annuitant" means a person who, on or  
17 after January 1, 1998, becomes an annuitant, as defined in  
18 subsection (b), by virtue of beginning to receive a  
19 retirement annuity under Article 14 of the Illinois Pension  
20 Code, and is eligible to participate in the basic program of  
21 group health benefits provided for annuitants under this Act.

22 (b-6) "New SURS annuitant" means a person who (1) on or  
23 after January 1, 1998, becomes an annuitant, as defined in  
24 subsection (b), by virtue of beginning to receive a  
25 retirement annuity under Article 15 of the Illinois Pension  
26 Code, (2) has not made the election authorized under Section  
27 15-135.1 of the Illinois Pension Code, and (3) is eligible to  
28 participate in the basic program of group health benefits  
29 provided for annuitants under this Act.

30 (b-7) "New TRS State annuitant" means a person who, on  
31 or after July 1, 1998, becomes an annuitant, as defined in  
32 subsection (b), by virtue of beginning to receive a  
33 retirement annuity under Article 16 of the Illinois Pension  
34 Code based on service as a teacher as defined in paragraph

1 (2), (3), or (5) of Section 16-106 of that Code, and is  
2 eligible to participate in the basic program of group health  
3 benefits provided for annuitants under this Act.

4 (c) "Carrier" means (1) an insurance company, a  
5 corporation organized under the Limited Health Service  
6 Organization Act or the Voluntary Health Services Plan Act, a  
7 partnership, or other nongovernmental organization, which is  
8 authorized to do group life or group health insurance  
9 business in Illinois, or (2) the State of Illinois as a  
10 self-insurer.

11 (d) "Compensation" means salary or wages payable on a  
12 regular payroll by the State Treasurer on a warrant of the  
13 State Comptroller out of any State, trust or federal fund, or  
14 by the Governor of the State through a disbursing officer of  
15 the State out of a trust or out of federal funds, or by any  
16 Department out of State, trust, federal or other funds held  
17 by the State Treasurer or the Department, to any person for  
18 personal services currently performed, and ordinary or  
19 accidental disability benefits under Articles 2, 14, 15  
20 (including ordinary or accidental disability benefits under  
21 the optional retirement program established under Section  
22 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or  
23 Article 18 of the Illinois Pension Code, for disability  
24 incurred after January 1, 1966, or benefits payable under the  
25 Workers' Compensation or Occupational Diseases Act or  
26 benefits payable under a sick pay plan established in  
27 accordance with Section 36 of the State Finance Act.

28 "Compensation" also means salary or wages paid to an employee  
29 of any qualified local government or qualified rehabilitation  
30 facility or a qualified domestic violence shelter or service.

31 (e) "Commission" means the State Employees Group  
32 Insurance Advisory Commission authorized by this Act.  
33 Commencing July 1, 1984, "Commission" as used in this Act  
34 means the Illinois Economic and Fiscal Commission as

1 established by the Legislative Commission Reorganization Act  
2 of 1984.

3 (f) "Contributory", when referred to as contributory  
4 coverage, shall mean optional coverages or benefits elected  
5 by the member toward the cost of which such member makes  
6 contribution, or which are funded in whole or in part through  
7 the acceptance of a reduction in earnings or the foregoing of  
8 an increase in earnings by an employee, as distinguished from  
9 noncontributory coverage or benefits which are paid entirely  
10 by the State of Illinois without reduction of the member's  
11 salary.

12 (g) "Department" means any department, institution,  
13 board, commission, officer, court or any agency of the State  
14 government receiving appropriations and having power to  
15 certify payrolls to the Comptroller authorizing payments of  
16 salary and wages against such appropriations as are made by  
17 the General Assembly from any State fund, or against trust  
18 funds held by the State Treasurer and includes boards of  
19 trustees of the retirement systems created by Articles 2, 14,  
20 15, 16 and 18 of the Illinois Pension Code. "Department"  
21 also includes the Illinois Comprehensive Health Insurance  
22 Board, the Board of Examiners established under the Illinois  
23 Public Accounting Act, and the Illinois Rural Bond Bank.

24 (h) "Dependent", when the term is used in the context of  
25 the health and life plan, means a member's spouse and any  
26 unmarried child (1) from birth to age 19 including an adopted  
27 child, a child who lives with the member from the time of the  
28 filing of a petition for adoption until entry of an order of  
29 adoption, a stepchild or recognized child who lives with the  
30 member in a parent-child relationship, or a child who lives  
31 with the member if such member is a court appointed guardian  
32 of the child, or (2) age 19 to 23 enrolled as a full-time  
33 student in any accredited school, financially dependent upon  
34 the member, and eligible to be claimed as a dependent for

1 income tax purposes, or (3) age 19 or over who is mentally or  
2 physically handicapped. For the health plan only, the term  
3 "dependent" also includes any person enrolled prior to the  
4 effective date of this Section who is dependent upon the  
5 member to the extent that the member may claim such person as  
6 a dependent for income tax deduction purposes; no other such  
7 person may be enrolled.

8 (i) "Director" means the Director of the Illinois  
9 Department of Central Management Services.

10 (j) "Eligibility period" means the period of time a  
11 member has to elect enrollment in programs or to select  
12 benefits without regard to age, sex or health.

13 (k) "Employee" means and includes each officer or  
14 employee in the service of a department who (1) receives his  
15 compensation for service rendered to the department on a  
16 warrant issued pursuant to a payroll certified by a  
17 department or on a warrant or check issued and drawn by a  
18 department upon a trust, federal or other fund or on a  
19 warrant issued pursuant to a payroll certified by an elected  
20 or duly appointed officer of the State or who receives  
21 payment of the performance of personal services on a warrant  
22 issued pursuant to a payroll certified by a Department and  
23 drawn by the Comptroller upon the State Treasurer against  
24 appropriations made by the General Assembly from any fund or  
25 against trust funds held by the State Treasurer, and (2) is  
26 employed full-time or part-time in a position normally  
27 requiring actual performance of duty during not less than 1/2  
28 of a normal work period, as established by the Director in  
29 cooperation with each department, except that persons elected  
30 by popular vote will be considered employees during the  
31 entire term for which they are elected regardless of hours  
32 devoted to the service of the State, and (3) except that  
33 "employee" does not include any person who is not eligible by  
34 reason of such person's employment to participate in one of

1 the State retirement systems under Articles 2, 14, 15 (either  
2 the regular Article 15 system or the optional retirement  
3 program established under Section 15-158.2) or 18, or under  
4 paragraph (2), (3), or (5) of Section 16-106, of the Illinois  
5 Pension Code, but such term does include persons who are  
6 employed during the 6 month qualifying period under Article  
7 14 of the Illinois Pension Code. Such term also includes any  
8 person who (1) after January 1, 1966, is receiving ordinary  
9 or accidental disability benefits under Articles 2, 14, 15  
10 (including ordinary or accidental disability benefits under  
11 the optional retirement program established under Section  
12 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or  
13 Article 18 of the Illinois Pension Code, for disability  
14 incurred after January 1, 1966, (2) receives total permanent  
15 or total temporary disability under the Workers' Compensation  
16 Act or Occupational Disease Act as a result of injuries  
17 sustained or illness contracted in the course of employment  
18 with the State of Illinois, or (3) is not otherwise covered  
19 under this Act and has retired as a participating member  
20 under Article 2 of the Illinois Pension Code but is  
21 ineligible for the retirement annuity under Section 2-119 of  
22 the Illinois Pension Code. However, a person who satisfies  
23 the criteria of the foregoing definition of "employee" except  
24 that such person is made ineligible to participate in the  
25 State Universities Retirement System by clause (4) of  
26 subsection (a) of Section 15-107 of the Illinois Pension Code  
27 is also an "employee" for the purposes of this Act.  
28 "Employee" also includes any person receiving or eligible for  
29 benefits under a sick pay plan established in accordance with  
30 Section 36 of the State Finance Act. "Employee" also includes  
31 each officer or employee in the service of a qualified local  
32 government, including persons appointed as trustees of  
33 sanitary districts regardless of hours devoted to the service  
34 of the sanitary district, and each employee in the service of

1 a qualified rehabilitation facility and each full-time  
2 employee in the service of a qualified domestic violence  
3 shelter or service, as determined according to rules  
4 promulgated by the Director.

5 (l) "Member" means an employee, annuitant, retired  
6 employee or survivor.

7 (m) "Optional coverages or benefits" means those  
8 coverages or benefits available to the member on his or her  
9 voluntary election, and at his or her own expense.

10 (n) "Program" means the group life insurance, health  
11 benefits and other employee benefits designed and contracted  
12 for by the Director under this Act.

13 (o) "Health plan" means a health benefits program  
14 offered by the State of Illinois for persons eligible for the  
15 plan.

16 (p) "Retired employee" means any person who would be an  
17 annuitant as that term is defined herein but for the fact  
18 that such person retired prior to January 1, 1966. Such term  
19 also includes any person formerly employed by the University  
20 of Illinois in the Cooperative Extension Service who would be  
21 an annuitant but for the fact that such person was made  
22 ineligible to participate in the State Universities  
23 Retirement System by clause (4) of subsection (a) of Section  
24 15-107 of the Illinois Pension Code.

25 (q) "Survivor" means a person receiving an annuity as a  
26 survivor of an employee or of an annuitant. "Survivor" also  
27 includes: (1) the surviving dependent of a person who  
28 satisfies the definition of "employee" except that such  
29 person is made ineligible to participate in the State  
30 Universities Retirement System by clause (4) of subsection  
31 (a) of Section 15-107 of the Illinois Pension Code; and (2)  
32 the surviving dependent of any person formerly employed by  
33 the University of Illinois in the Cooperative Extension  
34 Service who would be an annuitant except for the fact that

1 such person was made ineligible to participate in the State  
2 Universities Retirement System by clause (4) of subsection  
3 (a) of Section 15-107 of the Illinois Pension Code.

4 (q-5) "New SERS survivor" means a survivor, as defined  
5 in subsection (q), whose annuity is paid under Article 14 of  
6 the Illinois Pension Code and is based on the death of (i) an  
7 employee whose death occurs on or after January 1, 1998, or  
8 (ii) a new SERS annuitant as defined in subsection (b-5).

9 (q-6) "New SERS survivor" means a survivor, as defined  
10 in subsection (q), whose annuity is paid under Article 15 of  
11 the Illinois Pension Code and is based on the death of (i) an  
12 employee whose death occurs on or after January 1, 1998, or  
13 (ii) a new SERS annuitant as defined in subsection (b-6).

14 (q-7) "New TRS State survivor" means a survivor, as  
15 defined in subsection (q), whose annuity is paid under  
16 Article 16 of the Illinois Pension Code and is based on the  
17 death of (i) an employee who is a teacher as defined in  
18 paragraph (2), (3), or (5) of Section 16-106 of that Code and  
19 whose death occurs on or after July 1, 1998, or (ii) a new  
20 TRS State annuitant as defined in subsection (b-7).

21 (r) "Medical services" means the services provided  
22 within the scope of their licenses by practitioners in all  
23 categories licensed under the Medical Practice Act of 1987.

24 (s) "Unit of local government" means any county,  
25 municipality, township, school district (including a  
26 combination of school districts under the Intergovernmental  
27 Cooperation Act), special district or other unit, designated  
28 as a unit of local government by law, which exercises limited  
29 governmental powers or powers in respect to limited  
30 governmental subjects, any not-for-profit association with a  
31 membership that primarily includes townships and township  
32 officials, that has duties that include provision of research  
33 service, dissemination of information, and other acts for the  
34 purpose of improving township government, and that is funded

1 wholly or partly in accordance with Section 85-15 of the  
 2 Township Code; any not-for-profit corporation or association,  
 3 with a membership consisting primarily of municipalities,  
 4 that operates its own utility system, and provides research,  
 5 training, dissemination of information, or other acts to  
 6 promote cooperation between and among municipalities that  
 7 provide utility services and for the advancement of the goals  
 8 and purposes of its membership; the Southern Illinois  
 9 Collegiate Common Market, which is a consortium of higher  
 10 education institutions in Southern Illinois; and the Illinois  
 11 Association of Park Districts. "Qualified local government"  
 12 means a unit of local government approved by the Director and  
 13 participating in a program created under subsection (i) of  
 14 Section 10 of this Act.

15 (t) "Qualified rehabilitation facility" means any  
 16 not-for-profit organization that is accredited by the  
 17 Commission on Accreditation of Rehabilitation Facilities or  
 18 certified by the Department of Human Services (as successor  
 19 to the Department of Mental Health and Developmental  
 20 Disabilities) to provide services to persons with  
 21 disabilities and which receives funds from the State of  
 22 Illinois for providing those services, approved by the  
 23 Director and participating in a program created under  
 24 subsection (j) of Section 10 of this Act.

25 (u) "Qualified domestic violence shelter or service"  
 26 means any Illinois domestic violence shelter or service and  
 27 its administrative offices funded by the Department of Human  
 28 Services (as successor to the Illinois Department of Public  
 29 Aid), approved by the Director and participating in a program  
 30 created under subsection (k) of Section 10.

31 (v) "TRS benefit recipient" means a person who:  
 32 (1) is not a "member" as defined in this Section;  
 33 and  
 34 (2) is receiving a monthly benefit or retirement

1 annuity under Article 16 of the Illinois Pension Code;  
2 and

3 (3) either (i) has at least 8 years of creditable  
4 service under Article 16 of the Illinois Pension Code, or  
5 (ii) was enrolled in the health insurance program offered  
6 under that Article on January 1, 1996, or (iii) is the  
7 survivor of a benefit recipient who had at least 8 years  
8 of creditable service under Article 16 of the Illinois  
9 Pension Code or was enrolled in the health insurance  
10 program offered under that Article on the effective date  
11 of this amendatory Act of 1995, or (iv) is a recipient or  
12 survivor of a recipient of a disability benefit under  
13 Article 16 of the Illinois Pension Code.

14 (w) "TRS dependent beneficiary" means a person who:

15 (1) is not a "member" or "dependent" as defined in  
16 this Section; and

17 (2) is a TRS benefit recipient's: (A) spouse, (B)  
18 dependent parent who is receiving at least half of his or  
19 her support from the TRS benefit recipient, or (C)  
20 unmarried natural or adopted child who is (i) under age  
21 19, or (ii) enrolled as a full-time student in an  
22 accredited school, financially dependent upon the TRS  
23 benefit recipient, eligible to be claimed as a dependent  
24 for income tax purposes, and either is under age 24 or  
25 was, on January 1, 1996, participating as a dependent  
26 beneficiary in the health insurance program offered under  
27 Article 16 of the Illinois Pension Code, or (iii) age 19  
28 or over who is mentally or physically handicapped.

29 (x) "Military leave with pay and benefits" refers to  
30 individuals in basic training for reserves, special/advanced  
31 training, annual training, emergency call up, or activation  
32 by the President of the United States with approved pay and  
33 benefits.

34 (y) "Military leave without pay and benefits" refers to

1 individuals who enlist for active duty in a regular component  
2 of the U.S. Armed Forces or other duty not specified or  
3 authorized under military leave with pay and benefits.

4 (z) "Community college benefit recipient" means a person  
5 who:

6 (1) is not a "member" as defined in this Section;  
7 and

8 (2) is receiving a monthly survivor's annuity or  
9 retirement annuity under Article 15 of the Illinois  
10 Pension Code; and

11 (3) either (i) was a full-time employee of a  
12 community college district or an association of community  
13 college boards created under the Public Community College  
14 Act (other than an employee whose last employer under  
15 Article 15 of the Illinois Pension Code was a community  
16 college district subject to Article VII of the Public  
17 Community College Act) and was eligible to participate in  
18 a group health benefit plan as an employee during the  
19 time of employment with a community college district  
20 (other than a community college district subject to  
21 Article VII of the Public Community College Act) or an  
22 association of community college boards, or (ii) is the  
23 survivor of a person described in item (i).

24 (aa) "Community college dependent beneficiary" means a  
25 person who:

26 (1) is not a "member" or "dependent" as defined in  
27 this Section; and

28 (2) is a community college benefit recipient's: (A)  
29 spouse, (B) dependent parent who is receiving at least  
30 half of his or her support from the community college  
31 benefit recipient, or (C) unmarried natural or adopted  
32 child who is (i) under age 19, or (ii) enrolled as a  
33 full-time student in an accredited school, financially  
34 dependent upon the community college benefit recipient,

1           eligible to be claimed as a dependent for income tax  
2           purposes and under age 23, or (iii) age 19 or over and  
3           mentally or physically handicapped.

4           (Source: P.A. 90-14, eff. 7-1-97; 90-65, eff. 7-7-97; 90-448,  
5           eff. 8-16-97; 90-497, eff. 8-18-97; 90-511, eff. 8-22-97;  
6           90-582, eff. 5-27-98; 90-655, eff. 7-30-98; 91-390, eff.  
7           7-30-99; 91-395, eff. 7-30-99; 91-617, eff, 8-19-99; revised  
8           10-19-99.)